

**Before the
NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION
And the
RURAL UTILITIES SERVICE
Washington, D.C.**

In the matter of
American Recovery and Reinvestment Act
Broadband Initiatives Program and
Broadband Technology Opportunities Program
Joint Request for Information

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Docket No. 0907141137-91375-05

Comments of One Economy Corporation

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One Economy Corporation appreciates the opportunity to respond to United States Department of Commerce's National Telecommunication and Information Administration and United States Department of Agriculture's Rural Utility Services' request for comments regarding the second round of funding for the American Recovery and Reinvestment Act (ARRA) broadband programs.

I. One Economy's Credentials

One Economy has been working for the past nine years to maximize the potential of technology to help low-income people improve their lives and enter the economic mainstream. Working on four continents, we use innovative approaches to deliver the power of technology and information to low-income people, connecting them to valuable tools for building better lives. We help bring broadband into the homes of low-income people, employ youth to train their community members to use technology effectively, and create public-purpose media that engages, informs, and facilitates action.

Our efforts in bringing technology to low-income people are rooted in an approach of making broadband Available, Affordable, and Adoptable. This approach is a model that we have used successfully time and time again to connect people to the digital age. We connect people to affordable broadband access, while also ensuring that the technology is adopted through our youth Digital Connectors program and our public-purpose media properties. To date, One Economy has brought affordable broadband to over 350,000 Americans, connected over 18 million visitors to our multilingual web properties, and trained nearly 3,000 Digital Connectors, youth aged 14-21 who have delivered over 56,000 hours of community service, to help ensure broadband adoption in low-income communities.

II. Executive Summary

One Economy's mission regarding the stimulus is *Broadband with a Purpose*, using American Recovery and Reinvestment Act (ARRA) funds to provide affordable access and increase the adoption and utilization of broadband. These funds should be applied to make a specific and intentional effort to put poor people first in line. This will not only ensure maximum utility from the funds, but it will also create a "Social Dividend," or enhanced socioeconomic benefits to underserved communities.

This mission is achievable if we think in terms of creating a 21st Century Digital Ecosystem that brings broadband access into the home, school, workplace, and community. While all of the venues are important and dealt with in our comments, none is more important than the home when trying to foster adoption. Home-based access provides the only 24/7 access point and it ensures that, as a matter of policy, low-income people will have the same quality of access as higher adoption segments of the population. Ensuring that this Ecosystem succeeds means that we must overcome the key barriers to adoption, and our targeted comments focus on instilling this rigor to ARRA. Additionally, we speak to other concerns that the first NOFA raised.

In that vein, our recommendations on issues related to the final round of funding for the Broadband Technology Opportunities Program (BTOP) and the Broadband Initiatives Program (BIP), implemented respectively by the National Telecommunications and Information Administration (NTIA) and the Rural Utilities Service (RUS) and National Telecommunications are:

1. *Utilize a Broadband Adoption Support Organization (BASO):* We propose that NTIA and RUS utilize an intermediary organization for disseminating information, educating potential applicants, assisting grant awardees, and ensuring programs achieve sustainability. A BASO should be an organization that has a proven track record in providing broadband adoption services, in addition to capacity-building capabilities. With a BASO(s) in place, NTIA and RUS will be able to ensure that key entities and geographies do not miss out on the funding opportunity, that maximum attention and effort will be applied to delivery services, and that the review process can be accelerated.
2. *Increase Funding for Adoption:* \$250 million was set as the floor for sustainable adoption funds, and many entities, including ourselves, have suggested that the funds should be much greater than that, as well-spent adoption funds will lead to the quickest increase in broadband subscription and target low-income populations that are most at risk. We recommend that at least \$500 million be set aside for sustainable adoption activities.
3. *Link Deployment and Adoption:* It is vital that all deployment opportunities also include adoption components just as all supply efforts also require demand. By creating this necessary linkage, and requiring deployment applications to include adoption, we will maximize the increase in broadband subscriptions and avoid the unintended consequence of un-utilized or underutilized infrastructure. Additionally, to ensure broadband deployment in rural areas achieves the greatest impact, this same linkage should be applied in rural communities.
4. *Increase the Focus on and Allocation for Affordability:* We recommend that the NTIA and RUS consider rule changes to allow for a much greater write-down of broadband costs for both BIP and BTOP programs and therefore greater affordability to low-income and underserved communities. Currently, affordability is only accounted for in the comparably small Sustainable Adoption bucket, and this allocation greatly understates the need.
5. *Promote Broadband in Public Housing:* A 21st century definition of public space must also include public housing. In line with that notion, all public housing should be wired for broadband, and all public housing residents should receive broadband. Not only will such an alignment deliver the most immediate increase in broadband

subscribership, but it will also provide a significant increase in jobs and potentially the largest return on BTOP and BIP funds.

6. *Require Anchor Institution Recipients to Provide Adoption Activities:* While broadband in the home is primary, community organizations such as community centers, health centers, and libraries can also serve vital roles in underserved communities. To maximize this opportunity, we recommend that all community organizations that receive high-speed networking be required to provide vital digital adoption services, such as digital literacy, online job application and training, online learning, and other activities to end users in the community. This coupling of anchor institution broadband with community-appropriate adoption and learning will maximize their utility in the 21st Century Digital Ecosystem.
7. *Develop a Tribal Area Set-Aside:* Due to the difficulty in disseminating information and gathering applications from tribal nations, we recommend that NTIA and RUS establish a special set-aside to allow tribal communities to apply for deployment and adoption funding at a later date if these groups are not able to meet the deadline. Additional time and funding should also be allocated for planning and capacity building among tribal communities. This will ensure that these communities are able to take full advantage of investments in broadband technology.
8. *Redefine Service Area from Census Block to Low-Income:* Service area specification should be changed from the census block level to focus on the income level of the end user. Without a focus on income, the primary driver of low broadband subscriber rates, broadband service will be allocated somewhat randomly to the end user. Additionally, census block identification presents a barrier to BTOP and BIP application, due to the structure of Form 477 data.
9. *Consider Multi-State or National Applications Differently from State Applications:* The NTIA and RUS should create an application process for multi-site programs with a national scope that has different criteria for evaluation. This process should have a substantial emphasis on the scale of scope of the program and rely much less on the review and recommendation of state governments.

III. Utilize a Broadband Adoption Support Organization

To ensure the remaining broadband funds have the broadest benefit, a Broadband Support Organization (BASO) should be utilized to disseminate information, educate potential applicants in the community, and help execute and implement grants as is necessary. A lack of knowledge about the application process and insufficient on-the-ground capacity in underserved communities led to asymmetric knowledge about the application, an inability to complete the application or complete the application properly, and insufficient expertise to execute, should that organization receive funding. Unfortunately, the communities that had the greatest problem in the first application round were often those with the most need for broadband

deployment and adoption programs. Additionally, this inefficiency led to a much more cumbersome and inadequately vetted process for the BTOP and BIP review team, and a BASO could help ease this difficult process, given the tight time constraints around funding.

The BASO could serve four principle roles to help local organizations both navigate the federal stimulus application process and maximize the impact of awarded funds.

1. The BASO will disseminate information on the grants and loans available through NTIA and RUS and help community organizations understand which opportunities best fit their needs.
2. In response to the first round of funding, many organizations stated that the application process was overly burdensome. Additionally, separate applications were required to apply for rural infrastructure, broadband infrastructure, public computer center, and sustainable broadband adoption funding. The BASO will work to simplify and standardize the application process for interested communities and organizations that lack the expertise and resources to competitively apply for broadband stimulus funding.
3. After funding has been distributed, the BASO will work with the local organizations and small communities that have received funds to apply best practices and create digital adoption programs that are customized to address issues specific to the local communities. The BASO will also work to ensure anchor institutions provide innovative adoption programs to their constituents.
4. The BASO will also work with local organizations that receive funding but lack the capacity to successfully implement adoption programs. In these instances, the BASO will work with the local communities to build capacity and ensure the programs will be sustainably extended into the future.

The BASO should be an organization that has a proven track record of working with the private, nonprofit and government sectors to deploy broadband infrastructure, content or services in a way that truly has an impact on end user adoption. Additionally, the BASO should have at least three to five years of experience working with local communities in both urban and rural areas to successfully implement broadband adoption programs.

IV. Increase Funding for Adoption

According to ARRA, of the \$4.7 billion allocated to the BTOP program, “not less than \$250 million shall be available for competitive grants for innovative programs to encourage sustainable adoption of broadband service.”¹ In the first round of funding, \$150 million was allocated for Sustainable Adoption activities. We believe that to fully maximize the federal stimulus investment in broadband technology, there should be substantially more funds

¹ American Recovery and Reinvestment Act of 2009. Pub. L. No. 111-5 Div. A. Title II.

allotted to adoption programs. We recommend at least \$500 million be allocated toward Sustainable Adoption activities, and the increased allocation will lead to the greatest increase in broadband subscribership.

The importance of broadband adoption is supported by many individuals and organizations in both the public and private sectors:

“Adoption programs are critical to preventing the creation of a digital underclass. No child’s education should suffer because their parents cannot afford broadband. And no worker should lose access to a job because they don’t know how to apply online.”

- Senator John Kerry, Chairman of the Commerce Subcommittee on Communications, Technology, and the Internet.

“We will also ask the FCC, and other agencies of government, to turn their attention to promoting what’s known as broadband adoption... People need certain “digital literacy” skills to use a computer, to use software and applications, and to find their way around the Internet.”

- David Cohen, Executive Vice President, Comcast Corporation

The result of this reallocation will be that significantly more people will adopt broadband, and we will deliver a much larger percentage increase in broadband subscribership. Fundamentally, it is easier, more effective, and more efficient to incentivize an end user to use existing infrastructure than to build new infrastructure and then incentivize the end user. This notion is made all the more acute when we consider that, while 92% of Americans have access to at least one broadband option in addition to satellite, only 63% have adopted broadband.^{2,3} This 29% Broadband Deficit, the gap between availability and subscribership, must be overcome.

V. Link Deployment and Adoption

Affordable access and hardware, awareness of the benefits of broadband, digital literacy, and relevant content are vital to adoption and broadband subscribership. Deploying broadband networks to underserved communities without linkage to programs that address affordability and adoption creates a significant risk that those networks will be largely unused. This will not only waste a significant amount of infrastructure funding, it will also miss an important opportunity to use broadband technologies to deliver a Social Dividend by improving the socioeconomic status of low-income populations.

This necessary linkage between deployment and adoption must also be considered in rural lands. In the first round of funding, approximately \$2.4 billion in funding was available under BIP for rural deployment efforts while no adoption funds were appropriated and no linkage was

² National Cable & Telecommunications Association. “Moving the Needle on Broadband: Stimulus Strategies to Spur Adoption and Extend Access Across America.” March 2009.

³ Horrigan, John B. “Home Broadband Adoption 2009.” Pew Internet & American Life Project. June 2008

made between deployment and adoption. This imbalance made rural communities especially vulnerable to receiving large infrastructure investments that could never be utilized. To fully maximize investments in rural broadband networks, BIP should also require that adoption activities be linked with deployment efforts through the grant process. This linkage will ensure that rural communities maximize broadband subscribership to unserved and underserved populations.

For both urban and rural communities, we must require all deployment applications to also include adoption components that address affordability, digital literacy, relevant content, and awareness. These adoption activities should be delivered by proven adoption organizations and with proven models for success in mind. This vital linkage between deployment and adoption will result in impressive and sustainable gains to broadband subscribership and maximize the utilization of funds.

VI. Increase the Focus on and Allocation for Affordability

One of the most critical barriers to adoption is the cost of the broadband connection to the end user. This can be significant and was not adequately funded in the previous NOFA. Including the write-down of broadband in the small allocation of sustainable adoption funds, as opposed to broadband infrastructure, or another category, greatly undermined our opportunity to stimulate end user adoption.

We recommend that the NTIA and RUS consider several rule changes in the next round of funding that will promote affordable broadband connections and hardware. One Economy proposes a separate set-aside be made for the write down of broadband costs and that significant dollars be apportioned to this set-aside. In the previous round of funding such subsidies were permitted under the BTOP sustainable adoption applications, but prohibited for infrastructure. Write-downs for broadband costs should be included for existing and new infrastructure, in both BTOP and BIP. The tangible result of such a change will be a dramatic increase in end users that adopt broadband.

It is important to qualify that subsidies of this nature should only be used for projects targeting low-income populations. Additionally, to receive the subsidy, organizations must have a proven ability to provide adoption services, or be required to partner with an organization that will provide adoption services. And while we also recommend set-asides for the reduction of hardware prices to the end-user and/or low to no interest rate financing for hardware, the reduction in price of PCs and Netbooks has made this need less urgent.

VII. Promote Broadband in Public Housing

A 21st century definition of a “public place” must also include public housing. In that vein, all public housing should be rewired or constructed with broadband networks. This will make the greatest impact upon underserved, low-income populations by delivering broadband to the

place where they need it most: the home. Additionally it will stimulate the largest number of jobs since these funds will be allocated to direct and immediate construction projects.

Additionally, it is vital to create a culture of use around public housing developments. Multiple dwelling units (MDUs) are ideally situated for large scale affordable hardware deployment and financing, as well as digital literacy programs and localized content offerings. All of these elements should be included in public and affordable housing.

If there is one thing that NTIA and RUS can do to quickly gain subscribership and provide a stimulus to the nation's economy, mandating broadband in public housing will result in immediate benefits. It will also greatly ease the burden on NTIA and RUS in allocation some of the scarce funds, by directing funds to underserved areas through public housing authorities. Such a strategy will ensure that ARRA resources will be deployed quickly and efficiently in areas of greatest need. One Economy would gladly volunteer our efforts to assist in such an effort, should your agencies see fit.

The need to provide low cost broadband services in the public housing sector is so acute that the NTIA and RUS should also specifically allow some non-traditional funding alternatives. Such alternatives could include the ability for applicants to combine ARRA funding with other government available resources such as equity raised through the use of New Market Tax Credits to maximize the effective use of both programs.

VIII. Require Anchor Institution Recipients to Provide Adoption Activities

While home access and usage should be the ultimate goal of sustainable broadband adoption, strategic investments in community hubs should be implemented to provide broadband and empower anchor institutions to extend adoption programs to low-income end users in the community. In addition to public housing, BTOP and BIP investments should focus on anchor institutions such as schools, community centers, libraries, and health clinics. Coupled with adoption funding, anchor institutions such as schools, health clinics, public housing, libraries, and community centers will have the capacity to serve not only as connectivity hubs, but also as Digital Opportunity Centers. Digital Opportunity Centers are anchor institutions that have been repurposed to offer adoption services such as digital literacy, financial literacy, online job training and job search, distance learning, and personal health management. We recommend that all public housing, community centers, and libraries be required to provide adoption activities if they are to receive BTOP or BIP funding.

Some examples of these activities could include:

Digital Literacy and Job Initiatives in Libraries

Libraries are well situated to provide group training initiatives, particularly around digital literacy, job training, and job search. Though we believe only home-based adoption counts as true adoption or subscribership, conducting directed activities to overcome barriers that low-income individuals face would greatly enhance the digital activities of

the institution. Merely providing broadband service in libraries, as opposed to the home, would greatly underserve the objective of ARRA and lead to unintended consequences.

After School and Distance Learning Initiatives

The NTIA and RUS should encourage schools and educational institutions receiving broadband infrastructure funding to implement programs designed to create or stimulate a continuum of learning from school to after-school to the home. These programs will promote the goal of repurposing schools into 21st century learning environments that provide digital tools for academic resources, homework help, distance learning, and the promotion of student, teacher, and parent collaboration.

Community Health Centers and Telemedicine:

Rural and urban health clinics should be repurposed through stimulus funding to operate as a nexus between the individual and telemedicine resources that will increase healthcare access and improve health outcomes. Equipped with computer and Internet access, rural and urban health clinics can serve as catalysts for personal health management by linking unserved and underserved individuals to health information and resources through online tools and mobile applications. These centers will serve as focal points to help people access vital health information to learn how to use telemedicine tools to manage and monitor their conditions.

IX. Develop a Tribal Area Set-Aside

In 2007, the broadband adoption rate of American Indians and Native Alaskans was 30%, the lowest adoption rate of any ethnic group studied by the US Census Bureau.⁴ Geographic isolation and cultural differences make tribal communities especially vulnerable to being left behind in the next wave of broadband deployment. Corporations generally do not find these markets attractive for broadband, due to their isolation, and the process to disseminate information, devise solutions, and develop applications can be quite long.

We believe that these unique circumstances require RUS to consider several different funding approaches that will ensure tribal areas receive ample infrastructure and adoption funding.

1. Create a set aside for tribal applications that allows time and funds for capacity building, planning, and the linking of deployment and adoption programs. Tribal areas could then apply for infrastructure and/or adoption funding through this set aside, with project recommendations occurring as soon as possible and being reviewed on a rolling basis.
2. Allow organizations or advocacy groups that are approved by tribal groups to apply for funding on behalf of tribal areas. Applicants that receive awards would work with tribal communities to executive infrastructure and adoption programs.

⁴ FCC: Bringing Broadband to Rural America: Report on a Rural Broadband Strategy

3. Allocate funding that encourages capacity building efforts among local tribal nations. Funding could be used for a comprehensive planning process that would allow tribal communities to achieve the economies of scale to fully maximize investments in broadband technologies. Tribal communities could also work together to create and implement culturally specific digital literacy projects and other adoption needs.

X. Redefine Service Area from Census Block to Low-Income

Service area specification should be based on a definition of income and poverty level, rather than census block. Defining service area by income and poverty level is consistent with evidence that shows income to be the leading indicator for broadband adoption. As we stated in our previous comments, a report by the Pew Internet & American Life Project indicated that only 25% of households with incomes of \$20,000 or less reported having broadband at home.⁵ Furthermore, the focus on census blocks creates barriers that divert funding away from areas that have the highest need of broadband technology. Census block specification overlooks low-income populations that reside in census blocks with a significant concentration of broadband. Finally, collecting data on census block level is especially burdensome given the sensitive timing requirements for application submission.

XI. Consider Multi-State or National Applications Differently from State Applications

The rules and review process of the second round of funding should encourage applications that focus on national, multi-site projects. Such applications, if developed properly and executed by organizations with proven track records at executing these programs and delivering scale, will be able to maximize the efficiency of BTOP and BIP funds. To level the competition between local and national projects, the next round of funding should redefine "project" to encourage applications that include national projects that span multiple states and communities.

Additionally, the RUS and NTIA should create a different review process for national and multi-site projects. The review process for multi-site national programs should emphasize the scale and scope of the programs rather than state government review.

⁵ Horrigan, John B. "Obama's Online Opportunities II." Pew Internet & American Life Project. January 2009.